

INSURANCE AND BONDING GUIDELINES

Insurance types and limits, certificates, and bonding recommendations for procurements at the University of Tennessee.

Prepared for: The University of Tennessee

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Disclaimer: *These Insurance and Bonding Guidelines are not intended to cover all possible issues relating to insurance or bond requirements for the University. Instead, they are intended to provide general guidelines on these topics. **If there is a conflict between the Guidelines and any University policy or applicable law/regulation, the policy or law/regulation will control.***

The Guidelines are not intended for the use or benefit of anyone outside the University. The University's bidders, vendors, contractors, or other third parties should not rely upon the Guidelines when interacting with the University. The information contained in the Guidelines should not be considered legal, accounting, or other advice for anyone outside the University. The Guidelines are intended solely for internal University use and do not create any third-party rights, benefits, claims, or causes of action for parties outside the University.

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I. Property and Casualty Insurance and Bonding Fundamentals

Before you can determine the appropriate type and amount of insurance for your contracts, it is important to understand the concept of **exposure**.

What is exposure?

Exposure is defined as any situation that can lead to a loss or claim against the University of Tennessee.

What are the different types of exposure?

Exposure can be categorized broadly into **two types**: (1) situations that can lead to **property** loss, or (2) situations that can lead to bodily injury, medical harm, or death to **a person**.

1. **Property exposure** deals with potential damage to tangible things such as buildings, motor vehicles and personal items caused by the negligent acts by vendors, contractors, university officials, and other third parties.
2. **Personnel exposure** deals with the potential harm, injury, or illness of any party resulting from the service, delivery, or use of goods that the University procures. Affected parties can include employees, contractors, sub-contractors, customers, and unrelated bystanders.

How is exposure related to insurance?

Exposure is present in any solicitation. It is common for more than one area of exposure to exist. For example, a building remodeling or construction contract should consider among other things the potential loss from fire (property exposure) and potential harm to construction workers (individual exposure) or pedestrians (personnel exposure). ***In almost all contracts, it is necessary to purchase property and casualty insurance to cover the potential financial loss to the University resulting from one or more exposures. Within any relevant bid request, it is important to stipulate the vendor/contractor's responsibility to maintain various coverage types and limits***

Do only high value contracts require insurance?

No, the need for insurance is not related to the value of the contract, but to the degree of exposure.

Why do vendors or contractors need to purchase insurance?

Insurance has two primary benefits:

1. It **ensures that vendors and contractors have the financial ability to pay for damages** that result from their negligent acts.
2. It **protects the University from financial loss** as a result of third party acts during the acquisition, delivery, or usage of purchased goods or services.

What are the different types of property and casualty insurance?

The eleven primary types of insurance referred to in this document:

1. **Automobile Liability:** insurance that protects the insured against financial loss because of legal liability for automobile-related injuries to others or damage to their property by an auto
2. **Commercial General Liability (CGL):** a standard insurance policy issued to business organizations to protect them against liability claims for bodily injury and property damage arising out of premises, operations, products, and completed operations; and advertising and personal injury liability
3. **Contractors Pollution Liability:** provides third-party coverage for bodily injury, property damage, defense, and cleanup as a result of pollution conditions (sudden/accidental and gradual) arising from contracting operations performed by or on behalf of the contractor
4. **Fidelity Insurance:** covers loss due to crime or dishonesty by an employee/contractor. Also known as “Fidelity Bonds.”
5. **Professional Liability:** a type of liability coverage designed to protect traditional professionals (e.g., accountants, attorneys) and quasi-professionals (e.g., real estate brokers, consultants) against liability incurred as a result of errors and omissions in performing their professional services
6. **Workers Compensation (WC):** provides medical, disability, and rehabilitation benefits to injured employees of the contractor
7. **Umbrella Liability:** a liability policy that provides excess coverage above underlying policies and may also provide coverage not available in the underlying policies, subject to a self-insured retention.
8. **Environmental Impairment Liability:** a specialized insurance policy that covers liability and sometimes cleanup associated with pollution
9. **Builders Risk:** a property insurance policy that is designed to cover property in the course of construction
10. **Liquor Liability:** type of policy that covers the insured if they are in the business of manufacturing, distributing, selling, serving or furnishing alcohol
11. **Aircraft Liability:** coverage for the insured in the event that the insured’s negligent acts and/or omissions result in losses in connection with the use, ownership, or maintenance of aircraft

What are bonds?

Bonds are financial instruments that reimburse the University and certain third parties for financial losses due to a vendor/contractor non-performance of contract terms and conditions.

What are the different types of bonds?

There are two primary types of bonds.

- A **fidelity bond** protects against the financial loss that results from a dishonest act or crime committed by an employee of the vendor.
- A **surety bond** (bid, performance, or payment bond) ensures that a vendor fulfills certain terms and conditions of a contract.

For more information, please refer to the **Bonding Guidelines** section.

I have insurance – do I need a bond?

Insurance protects against a potential loss from property or personnel exposure. A bond provides additional coverage by protecting against a non-performance of contract terms and conditions by a vendor. For more information, please refer to the **Bonding Guidelines** section.

Are bond requirements related to the value of contracts?

For some types of contracts such as building construction, bonds are required above a certain dollar amount set by state law. For lower value contracts, one may consider requiring liquidated damages in lieu of bonds – please contact your Office of General Counsel for additional guidance.

II. Insurance Coverage Guidelines for Vendors / Contractors

The following ***recommended minimum*** insurance limits apply to vendors doing business with the University of Tennessee. The Standard Insurance Limits are recommended for all procurements of goods and ancillary services. The specific requirements for vendors providing high risk services supersede the Standard Insurance Limits. Coverage types and limits are recommended minimums and should be increased as appropriate based on contract value and potential risks to the university. Procuring entities should always consult with appropriate risk management experts. **Please contact The University of Tennessee Office of Risk Management, who can assist entities in risk management analysis. In order for our office to advise on necessary coverage types and limits for a specific bid request, please send queries to Pamela Jeffreys at pjeffrey@utk.edu at least two weeks before anticipated bid request release.**

To achieve the appropriate coverage levels, a combination of a specific policy written with an umbrella policy covering liabilities above stated limits is acceptable.¹

Important:

All policies must contain a provision that coverage afforded under the policies must not be canceled, changed, allowed to lapse, or allowed to expire until 30 calendar days after written notice has been given to the certificate holder on the certificate of insurance. All such coverage shall remain in full force and effect during the initial term of the agreement and any renewal or extension thereof.

All policies must be issued by an insurance company licensed to do business in the State of Tennessee, with a minimum AM Best rating of A, and signed by an authorized agent. Bonds are required to be signed by a licensed resident agent in pursuant to T.C.A. 65-15-108.

Please note: The list of high risk categories, relevant insurance types, and recommended limits are to be used as guidelines and are indicative of best practices but are not exhaustive. Your insurance needs may be higher (or lower). Please consult the UT Office of Risk Management for any questions.

A. Standard Insurance Limits for Goods and Ancillary Services

Workers Compensation (WC):	Statutory Limits – required in all contracts
Employers' Liability Each Accident	\$ 100,000
Employers' Liability Disease – each employee	\$ 100,000
Employers' Liability Disease – policy limit	\$ 500,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit – each accident	\$ 1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general and automobile liability policies.

¹For example: If appropriate limits are \$2 million per occurrence and \$2 million aggregate, acceptable coverage would include a specific policy covering \$1 million per occurrence and \$1 million aggregate written with an umbrella policy for an additional \$1 million

B. High Risk Insurance Limits

Air Charter:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Aircraft Liability:	
Piston	\$ 25,000,000
Jet	\$ 50,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the aircraft and commercial general liability policies.

Ambulance Service:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 3,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000
Professional liability	\$ 3,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, and umbrella liability policies.

Asbestos Abatement:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Contractor’s Pollution Liability (with 1 year extended reporting period)	
Each Occurrence	\$ 3,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, contractor’s pollution, and umbrella liability policies.

A201 General Conditions Article 11.1.5 – All insurance to be purchased and maintained by the Contractor under this Article 11 shall include (a) a written waiver of any right by the insurer to recovery, by subrogation or otherwise, against the Owner and (b) per project endorsements stating that the aggregate limits apply fully to this project.

Building Remodeling and Construction: This includes all aspects of building work, including, but not limited to, ducts, electrical, HVAC, painting, plumbing, roofing, etc.

Workers Compensation (WC):	
Applicable Federal and State	Statutory
Aggregate	\$ 500,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability:	
Combined Single Limit	\$ 1,000,000
Builders Risk Policy:	The amount of the initial Contract Sum plus the value of subsequent contract modifications for the covered Project at the site on replacement cost basis.
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000
Contractor's Pollution Liability:	
Each Occurrence	\$ 1,000,000
Aggregate	\$ 1,000,000

Other specific coverage requirements / levels may exist depending on project size, scope, and type.

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, builders risk, umbrella liability, and contractor's pollution liability policies.

A201 General Conditions Article 11.1.5 – All insurance to be purchased and maintained by the Contractor under this Article 11 shall include (a) a written waiver of any right by the insurer to recovery, by subrogation or otherwise, against the Owner and (b) per project endorsements stating that the aggregate limits apply fully to this project.

Bus Charter:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability:	
Combine Single Limit	\$ 5,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 5,000,000
Aggregate Limit	\$ 5,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, and umbrella liability policies.

Consulting Services:

Workers Compensation (WC):	
Each Accident	\$ 100,000
Disease, each employee	\$ 100,000
Disease, policy limit	\$ 500,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Professional Liability	\$ 1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general and automobile liability policies.

Custodial Services:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Contractors Pollution Liability	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Umbrella Liability	
Each Occurrence Limit	\$ 3,000,000
Aggregate Limit	\$ 3,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, contractors pollution, automobile and umbrella liability policies.

Bonding for all employees in an amount not less than \$100,000/occurrence per employee.

Demolition:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Medical Expense Limit (any one person)	\$ 10,000
Property Damage to Premises Rented to You Limit	\$ 300,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Excess/Umbrella Liability:	
Each Occurrence Limit	\$20,000,000
Aggregate	\$20,000,000
 <i>Note: If the Contractor intends to implode any building(s), the Contractor's implosion Subcontractor also must provide its own Excess/Umbrella Liability insurance of \$20,000,000 Aggregate.</i>	
Job Pollution Liability	
Each Occurrence	\$ 2,000,000
Aggregate	\$ 4,000,000

Note: Products and Completed Operations insurance shall be maintained for a minimum period of at least two (2) years after either 90 days following Substantial Completion or final payment, whichever is earlier.

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, excess/umbrella, and job pollution liability policies.

A201 General Conditions Article 11.1.5 – All insurance to be purchased and maintained by the Contractor under this Article 11 shall include (a) a written waiver of any right by the insurer to recovery, by subrogation or otherwise, against the Owner and (b) per project endorsements stating that the aggregate limits apply fully to this project.

Designer/Consultant/Architect:

Workers Compensation (WC):	
Each Accident	\$ 200,000
Disease, each employee	\$ 200,000
Disease, policy limits	\$ 1,000,000

Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000

Commercial Automobile Liability:	
Any Auto – Each Accident, Combined Single Limit	\$ 1,000,000

Professional Liability Insurance:	
Each Claim	\$ 1,000,000*
Annual Aggregate	\$ 1,000,000*

** For projects with a MACC less than \$3M the PLI shall be \$1M per claim, \$1M annual aggregate, for projects with a MACC equal to or greater than \$3M but less than \$20M, The PLI shall be \$1M per claim, \$2M annual aggregate, for projects with a MACC equal to or greater than \$20M but less than \$100M, the PLI shall be \$2M per claim, \$4M annual aggregate, all other projects have a PLI of \$3M per claim and \$5M annual aggregate.*

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, and automobile liability policies.

Elevator Maintenance (includes all passenger and freight elevators):

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

Additional Insured: The vendor shall add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, and umbrella liability policies.

A201 General Conditions Article 11.1.5 – All insurance to be purchased and maintained by the Contractor under this Article 11 shall include (a) a written waiver of any right by the insurer to recovery, by subrogation or otherwise, against the Owner and (b) per project endorsements stating that the aggregate limits apply fully to this project.

Food Service:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Liquor Liability (When distributing, selling, or serving alcohol)	\$ 1,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, umbrella, automobile, and liquor liability policies.

Garbage and Disposal:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000
Contractor’s Pollution Liability (with 1 year extended reporting period)	
Each Occurrence	\$ 1,000,000
Aggregate	\$ 2,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, umbrella, and contractor’s pollution liability policies.

Information Technology:

Begin with Standard Insurance Limits. Various types of coverage may come into play based on procurement type, job requirements, and other contract specific details. One should consider Professional Liability insurance which includes Errors and Omissions coverage.

Consult with Information Technology Specialist, your Entity CIO Office, or GTA to assess impact to University IT infrastructure, IT security and/or other areas. Then seek Risk Management expertise as required.

Landscaping / Lawn Care:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000
<i>If herbicide, fungicide, pesticide or other chemical application is involved:</i>	
Environmental Impairment Liability (with 1 year extended reporting period)	
Each Occurrence	\$ 1,000,000
Aggregate	\$ 2,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, umbrella, and environmental impairment liability policies.

Laundry Service:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, and umbrella liability policies.

Medical/Therapist Services (including optical and laboratory): This includes all contracted medical services, including but not limited to, assisted physician services, laboratory equipment maintenance, and patient testing.

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Professional liability (malpractice)	\$ 3,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, and umbrella liability policies.

New Construction:

Workers Compensation (WC):	
Applicable Federal and State	Statutory
Employers Liability	\$ 500,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000

Note: Commercial General Liability, including Premises/Operations, Completed Operations/Products, Contractual Liability, and XCU Coverage in no less than the following limits, with coverages for Premises/Operations and Completed Operations naming the Owner as an additional insured, and with coverage for Completed Operations maintained for a minimum of two (2) years after project Completion.

Automobile Liability (bodily injury & property damage on all owned, non-owned & hired vehicles):	
Combined Single Limit	\$ 1,000,000
Excess/Umbrella Liability:	
Each Occurrence:	\$5,000,000
Aggregate:	\$5,000,000

New Construction (Cont.):

Aircraft and/or Watercraft Liability (Owned, Non-owned, and Hired;
Bodily Injury and Property Damage;
if applicable):
Combined Single Limit \$1,000,000

Builder's Risk Insurance

Contractor shall purchase and maintain Builder's Risk Insurance on the entire Work on a completed value basis, covering the full insurable replacement cost of the entire Project, in the following minimum limits and coverage:

1. Minimum Limits: The amount of the initial Contract Sum plus the value of subsequent contract Modifications for the covered Project at the site on replacement cost basis.
2. Coverage: "All risk" of physical loss. The builder's risk insurance shall specifically include physical loss or damage to all aspects of the Work, materials, and equipment whether incorporated into the Project, in transit, or stored on or off Site.
3. Deductible Amounts: The Contractor shall bear the responsibility for deductible amounts.

Contractors Job Pollution Liability Coverage:
Minimum Limits Per Occurrence/Aggregate: \$1,000,000

Note: If asbestos abatement or other hazardous material abatement is included in scope of work then the pollution policy must include coverage for asbestos. If Contractor is performing no portion of the asbestos removal or abatement with its own forces, Contractor, in lieu of its own such endorsement, may substitute a certificate showing such special endorsement covering the Subcontractor or Sub-subcontractor which is actually performing the asbestos removal or abatement.

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general liability, automobile liability, excess/umbrella liability, aircraft and/or watercraft liability, contractors job pollution liability and builder's risk policy.

A201 General Conditions Article 11.1.5 – All insurance to be purchased and maintained by the Contractor under this Article 11 shall include (a) a written waiver of any right by the insurer to recovery, by subrogation or otherwise, against the Owner and (b) per project endorsements stating that the aggregate limits apply fully to this project.

Pest Control:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Environmental Impairment Liability (with 1 year extended reporting period)	
Each Occurrence Limit	\$ 1,000,000
Aggregate	\$ 2,000,000
Umbrella Liability	
Each Occurrence Limit	\$ 1,000,000
Aggregate	\$ 1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, umbrella, and environmental impairment liability policies.

Recreational Services: *This includes a broad range of contracted services, including, but not limited to, golf course management, amusement services, pyrotechnic display, camps and clinics not sponsored by the university.*

Workers Compensation (WC):	
Each Accident	\$ 100,000
Each Employee	\$ 100,000
Policy Limit	\$ 500,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Umbrella Liability	\$ 2,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, and umbrella liability policies.

Security:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Professional Liability Insurance	\$ 3,000,000
	<i>This amount is a general guideline and can be raised or lowered after consultation with Risk Management.</i>
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, and umbrella liability policies.

Special Events:

Events Not Requiring Insurance: The following non-sports events NOT resulting in fundraising or profit, with less than 100 anticipated attendance and WITHOUT street/road closures, alcohol, loaded weapons, pyrotechnics, mechanical or inflatable rides, the use or display of animals do not require insurance:

- **Clubs and organizational meetings**
- **Guest speakers, lectures and reading events**
- **Luncheons**
- **Meetings of a social, academic, business or philosophical nature**
- **Seminars**

Low Risk Events: The following events without street/road closures, alcohol, loaded weapons, pyrotechnics, mechanical or inflatable rides, or resulting in fundraising or profit:

- **Academic related events (such as spelling/math/science)**
- **Award celebrations**
- **Banquets**
- **Celebrations (weddings, anniversaries, birthdays)**
- **Debuts**
- **Fashion Shows**
- **Graduations**
- **Petting Zoos**
- **Pool Parties**
- **Proms**
- **Recitals**
- **Reunions**
- **Social Receptions**

Required Limits:

Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Medical Expense – any one person	\$ 10,000
General Aggregate Limit	\$ 2,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries, and/or assigns as an additional insured under the commercial general liability policy.

Special Events (Cont.):

Medium Risk Events: Events without loaded weapons, pyrotechnics, or mechanical rides.

Note: Any serving of alcohol must be with properly licensed and insured bartenders and proof of license and insurance will be required.

- **Block parties and street fairs**
- **Boxing**
- **Cheerleading**
- **Dances and parties outdoors**
- **Events involving closure of roads or streets**
- **Events which involve serving or sale of alcohol**
- **Exhibitions outdoors**
- **Football (contact)**
- **Golfing events**
- **Gymnastics**
- **Ice hockey**
- **Inflatable Rides**
- **In-line hockey**
- **Marathons**
- **Martial arts (contact)**
- **Overnight camping**
- **Polo**
- **Ropes courses**
- **Rugby**
- **Skateboarding**
- **Skating (open to public)**
- **Speed skating**
- **Swimming and diving (unorganized or lessons)**
- **Triathlons**
- **Waterslides**
- **Weapons (unloaded) shows**
- **Weightlifting**
- **Wrestling**

Required Limits:

Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 2,000,000
Medical Expense – any one person	\$ 10,000
General Aggregate Limit	\$ 3,000,000
Liquor Liability (When alcohol is served)	\$1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general and liquor liability policy.

Special Events (Cont.):

High Risk Events:

Note: Any serving of alcohol must be with properly licensed and insured bartenders and proof of license and insurance will be required.

- **Circus**
- **Concerts**
- **Demolition Events**
- **Mechanical Rides (Fair or Circus Type)**
- **Motorized Racing**
- **Off-Road Racing**
- **Pyrotechnics**
- **Rodeo Events**

Commercial General Liability (CGL):

Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000

Automobile Liability

Combined Single Limit	\$ 1,000,000
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Excess/Umbrella Liability

Each Occurrence	\$2,000,000
Aggregate	\$2,000,000

Liquor Liability (When alcohol is served)

\$1,000,000

Workers Compensation (WC)

Each Accident	\$ 100,000
Disease – Each Employee	\$ 100,000
Disease – Policy Limit	\$ 500,000

Additional Insured: The vender must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, umbrella, and liquor liability policy.

Special Events (Cont.):

TULIP (Tenant User Liability Insurance Policy) Program

The TULIP is a Tenants' and Users' Liability Insurance Policy that provides special event liability coverage. It is used by institutions that permit "third-parties" to use their facilities for specific events. It is designed for third party users who do not carry liability insurance and is offered at a low cost. It is event-specific and can also cover vendors, performers and exhibitors, if needed. It protects both the institution user (the third party) and the University of Tennessee against claims by third parties who may be injured or experience damage to property as a result of participating in an event.

Events may range from low risk events such as classroom seminars, receptions, or weddings to high risk events including festivals and fairs, sports events, or concerts. The policy has exclusions for certain high-risk activities. Facility users may need to obtain coverage from another insurer if their event does not qualify for the TULIP program.

Below are the steps for the third-party/vendor to follow to purchase the TULIP policy:

1. Go to <https://tulip.ajgrms.com/>
2. Select the Quick Quote tab.
3. Pick Tennessee in the drop down menu.
4. Select the University of Tennessee as the location.
5. Answer questions about date, attendees, event types, and coverage options.
6. Review Premium Quote and then purchase coverage.
7. Should you have any questions about the Insurance Requirements for events, please contact the Office of Risk Management at 865-974-5409.

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured, in the even coverage is obtained from another insurer, under the commercial general liability policy.

Staffing Services:

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, and umbrella liability policies.

Transportation: This applies primarily to the transport of people. If air transport see Air Charter. If bus transport see Bus Charter.

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability - seating capacity 15 or less	
Combined Single Limit	\$ 3,000,000
Automobile Liability - seating capacity greater than 15	
Combined Single Limit	\$ 5,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, and umbrella liability policies.

Travel Services: Tour Operators and Agencies - This applies to any organization that makes travel arrangements, including travel services, tour operators, etc., on our behalf.

Workers Compensation (WC):	\$ 1,000,000
Commercial General Liability (CGL):	
Each Occurrence Limit	\$ 1,000,000
Damage to Rented Premises – Ea. Occ.	\$ 300,000
Medical Expense – any one person	\$ 10,000
Personal & Advertising Injury Limit	\$ 1,000,000
General Aggregate Limit	\$ 2,000,000
Products/Completed Ops. Aggregate Limit	\$ 2,000,000
Automobile Liability	
Combined Single Limit	\$ 1,000,000
Umbrella Liability:	
Each Occurrence Limit	\$ 1,000,000
Aggregate Limit	\$ 1,000,000

Professional Liability Insurance – Errors and Omissions \$ 1,000,000 **
(** not required, but may be a consideration if bids are comparable and a bidder has the coverage.)

Additional Insured: The vendor must add The University of Tennessee, its affiliates, subsidiaries and/or assigns as an additional insured under the commercial general, automobile, and umbrella liability policies.

III. Bonding Guidelines

What is a surety bond?

A surety bond ensures that a contractor fulfills certain terms and conditions of a contract.

What are the most common types of surety bonds?

Bid:

Guarantees that the bidder (e.g. construction contractor) will actually enter into the contract at the submitted price during the RFX process. Additionally, the bid bond sets the requirements for performance and payment bonds as necessary. Bid bonds are drafted during the RFX process.

Performance (also may be called Contract Bonds):

Protects the owner (e.g. University) from financial loss caused by the contractor who fails to deliver goods or services in accordance with the terms, specifications, and conditions of the contract

Payment (also may be called Contract Bonds):

Protects certain providers of material and labor to a job (e.g. subcontractor). It guarantees that the contractor will pay bills in accordance with the contract terms

When are surety bonds needed?

Surety bonds may be required based on the terms of a given solicitation – especially when the non-performance of contract terms would have adverse financial effects on the Entity or the University – or when subcontractors play a key role in the successful outcome of a contract.

Bid, Performance and Payment bonds are required for certain **state construction contracts** as described by various Tennessee statutes. Please refer to the following links for additional information:

Bid bonds

Tenn. Code Ann. §62-6-129 (bid bonds for construction manager services)

Performance bonds

Tenn. Code Ann. §4-15-102

Payment bonds

Tenn. Code Ann. §4-15-102

Tenn. Code Ann. §12-4-201 through §12-4-208

What is a fidelity bond?

A fidelity bond provides financial reimbursement to the University of Tennessee for the wrongful taking of UT-owned property by a third-party contractor's employee(s).

When are fidelity bonds needed?

Typically, fidelity bonds are required when third-party contractors have their **employees engaged in work under a state or University contract with limited state or University supervision** present and have easy access to University property and/or monies. Examples: vendors who provide **after hour janitorial services, security services, or concessionaire contracts**.

Appendix

A. Certificates of Insurance

To be included in solicitation, purchase order, or contract:

Contractor shall procure and maintain insurance which shall protect the contractor and the University from any claims for bodily injury, property damage, or personal injury which may arise out of operations under the agreement. Contractor shall procure the insurance policies at the contractor's own expense and shall furnish the University an insurance certificate listing the University as certificate holder. The insurance certificate must document that the liability insurance coverage purchased by the contractor includes contractual liability coverage to protect the University. The certificate shall be furnished no later than 10 business days after notification of the University's intent to award a contract. In addition, the insurance certificate must provide the following information:

1. Name and address of authorized agent
2. Name and address of insured
3. Name of insurance company (licensed to operate in Tennessee)
4. Description of coverage in standard terminology
5. Policy period
6. Limits of liability
7. Name and address of certificate holder
8. Acknowledgment of notice of cancellation to the University
9. Signature of authorized agent
10. Telephone number of authorized agent
11. Details of policy exclusions in comments section of insurance certificate

See attached Certificate of Insurance sample form.

B. Glossary

Advertising Injury – arising out of libel or slander; violation of the right to privacy, misappropriation of advertising ideas, or infringement of copyright, title or slogan committed in the course of advertising goods, products, or services.

All Risk – insurance against loss or damage to property arising from any fortuitous cause, except such as may be specifically excluded.

Assumed Liability – liability that would not rest upon a person except that he or she has accepted responsibility by contract expressed or implied. This is also known as contractual liability.

Binder (Or Binding Receipt) – in lines other than life and (usually) health, a binder is an acknowledgement (usually from the agent) that insurance applied for is in force whether or not premium settlement has yet been made or the policy issued.

Bodily Injury – liability which may arise from injury or death of another person.

Bonds – financial instrument that guarantees reimbursement to the University for nonperformance of a contract.

Builders Risk Coverage – commercial property coverage specifically designed for buildings in the course of construction.

Causes of Loss – reasons for the loss; also referred as peril.

Claim – a demand for benefits as provided by the policy.

Claims Made Form – refers to a type of liability insurance form that covers liability incidents only if a written claim is made during the policy period or any applicable extended reporting period. For example, a claim made in the current year could be charged against the current policy even if the injury or loss occurred many years in the past.

Combined Single Limits – typically expressed when referring to liability limits in an automobile policy. Refers to an aggregate limit of liability coverage for bodily injury and property damage in one accident or occurrence

Commercial General Liability – insurance that pays and renders service on behalf of a contractor for the loss arising out of a contractor's responsibility due to negligence, imposed by law or assumed by contract.

Commercial Umbrella Liability – typically provides an extra layer of insurance limits over and above a contractor's commercial general liability, business automobile liability and employers' liability insurance coverage limits.

Completed Operation Liability Insurance – liability insurance coverage for bodily injury and property damage; arising out of the completed operations of a business, as opposed to the product of a business.

Contract Bond – guarantee of the faithful performance of a contract and the payment of all labor and material bills incident thereto. In those situations where two bonds are required, one to cover performance and the other to cover payment of labor and material, the former is known as a Performance bond and the latter as a Payment bond.

Contractual – liability assumed under a written agreement which would not otherwise be imposed. For example, a lease for a building usually requires that a person leasing the property assumes liability for accidents that occur on the property.

Deductible – a provision or clause in an insurance policy that the first given number of dollars or percentage of expense will not be reimbursed.

Employers' Liability – provides protection against claims by the contractor's employees or their dependents for damages resulting from personal injuries or illness sustained by employees during the course of their employment activities. Only applies to incidents not governed by workers' compensation statutes.

Each Occurrence Limit – indicates the amount of coverage the contractor has under a liability policy for any one occurrence other than Personal & Advertising injury occurrences.

Excess Liability Policy – a liability policy designed to provide liability protection above and beyond that provided by standard liability contracts.

Expiration – the date upon which a policy will cease to cover, unless previously cancelled.

Fidelity Bond – a bond which will reimburse a contractor for loss up to the amount of the bond, sustained by an contractor (the insured) by reason of any dishonest act of an employee (or employees covered by bond).

Fire Damage (Legal Liability) – insures against liability incurred when the negligent actions results in destruction by fire of property which is in the contractors care, custody or control.

General Aggregate Limit – indicates the amount of coverage (for other than Products/Completed Operations Liability occurrences) the contractor has under a liability policy for the policy period; no matter how many separate losses that may occur.

Hired Auto – protects the contractor in the event the contractor's business is sued as a result of an auto accident, involving one of the contractor's employees driving one of the contractors hired vehicles while performing contractor business.

Hold Harmless Agreement – assumption of liability through contractual agreement by one party, thereby eliminating liability on the part of another party.

Indemnify – to restore the victim of a loss, in whole or in part, by payment, repair, or replacement.

Installation Floater – insures machinery and equipment of all kinds during transit, installation and testing at the owner's premises.

Insurance – a formal social device for reducing risk by transferring the risk of several individual entities to an insurer. The insurer agrees, for a consideration, to assume, to a specified extent, the losses suffered by the insured.

Insured – the party to an insurance arrangement to whom, or on behalf of whom, the insurance company agrees to indemnify for losses, provide benefits, or render service.

Liability Insurance – insurance that pays and renders service on behalf of a contractor for loss arising out of his or her responsibility, due to negligence, to others imposed by law or assumed by contract.

Loss – generally refers to (1) the amount of reduction in the value of an insured's property caused by an insured peril, (2) the amount sought through an insured's claim, or (3) the amount paid on behalf of an insured under an insurance contract.

Named Insured – any person, firm, or corporation, or any member thereof, specifically designated by name as insured(s) in a policy as distinguished from the others who, though unnamed, are protected under some circumstances.

Named Peril Policies – named peril policies specify what perils are insured against, contrary to so-called all risk policies.

Negligence – failure to use that degree of care which an ordinary person of reasonable prudence would use under the given circumstances. Negligence may be constituted by acts of either omission or commission or both.

Non- Owned Auto – protects the contractor in the event the contractor's business is sued as a result of an auto accident, involving one of the contractor's employees driving a personal vehicle while performing contractor business.

Occurrence Made Form – provides liability coverage for injury or loss that occurs during the policy period regardless of when the claim is actually made.

Owned Auto – protects the contractor in the event the contractor's business is sued as a result of an auto accident, involving one of the contractor's employees driving one of the contractor's owned vehicles while performing contractor business.

Peril – cause of a possible loss.

Personal & Advertising Injury Limit – indicates the amount of coverage the contractor has under a liability policy for any personal and / or advertising injury occurrence

Personal Injury – injury other than bodily injury arising out of false arrest or detention, malicious prosecution, wrongful entry or eviction, libel or slander, or violation of a person's right to privacy committed other than in the course of advertising, publishing, broadcasting or telecasting.

Products & Completed Operations Aggregate Limit - indicates the amount of Products & Completed Operations liability coverage the contractor has under a liability policy for a policy period; no matter how many separate losses that may occur.

Professional Liability Insurance – sometimes referred to as Errors & Omissions coverage; covers individuals with extensive technical knowledge or training in a particular area of expertise (e.g. architects, engineers, physicians) for acts of negligence arising from their professional occupation.

Property and Casualty Insurance – a broad category of insurance policies designed to protect against loss of property, damage, and other liabilities

Replacement Cost - the cost of replacing property without deduction for depreciation.

Risk – (1) A chance of loss. (2) A person or thing insured.

Split Limits – typically expressed when referring to liability limits in an automobile insurance policy; refers to separate limits for bodily injury each person/ bodily injury each accident/ property damage each accident.

Surety Bond – bonds that guarantees that a contractor will fulfill certain terms or conditions of the contract.

Waiver of Subrogation – endorsement to a property liability policy whereby an insurer gives up the right to take action against a third party for a loss suffered by an insured

Workers Compensation – benefits payable to an employee for injury, disability, dismemberment, or death as a result of occupational hazard. The payments are a liability of the employer. (2) Insurance agreeing to pay the Workers Compensation benefits required by law on behalf of the employer.